



# Castor Weekly Research Report

## Contents

- ❖ Outlook and Review
- ❖ Castor Seed price Chart
- ❖ Export
- ❖ NCDEX Spot Price
- ❖ Outlook
- ❖ Future Chart
- ❖ Progressive Sowing
- ❖ Weekly Spot Price change
- ❖ International Market Update

**Castor Domestic Market Fundamentals:**



## Castor Seed & Oil Weekly Report

Date – 20<sup>th</sup> July 2020

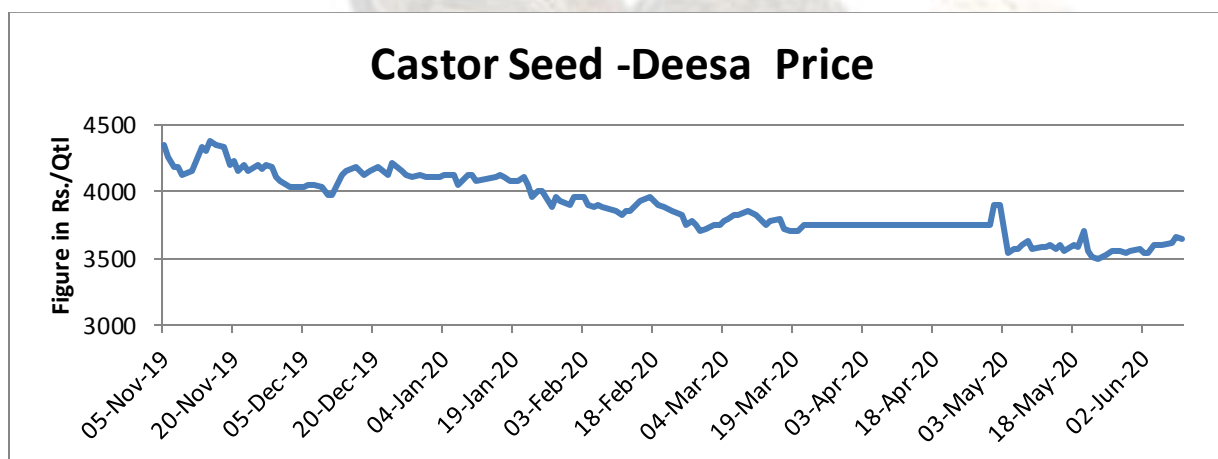
- Castor Seed futures on the NCDEX are witnessing a range-bound movement but the counter continues to see buying support at lower levels as traders are wondering if there is likely to be some negative impact on the sowing of the commodity in leading producing state of Gujarat. Gujarat kharif sowing continues rigorously. The latest data shows that total acreage under the crops stands at 40.88 lakh hectares as on 17th July 2020, soaring by 48.16%.
- However, it is also evident that Castor acreage is likely getting affected as farmers prefer more of other crops. The benchmark NCDEX Castor Seed futures have been in a good nick recently, hitting a contract high above Rs 4000 per quintal before pulling off. The counter currently trades at Rs 3894 per quintal, up 0.52% on the day in a wild session that saw the prices move in a range of Rs 3910 - Rs 3866 per quintal.
- India's average castor seed productivity after the third and fourth survey has been revised down to 1,977 kg per hectare against 2,052 kg/ha estimated in the first estimate. This is due to some crop damage in Gujarat from untimely rains and strong winds. However, Rajasthan crop conditions were a little better than the first estimate.
- According to sowing data released by Ministry of Agriculture, India, Acreage under castor seed is 9.92 lakh hectares.
- Gujarat will continue to be the largest castor seed producer with an estimated output of 16.60 lakh tons or nearly 85 per cent of the country's output. The first estimate had put the Gujarat output at 17.44 lakh tons.
- Strong winds, rains and hailstorm in some tehsils of Banaskantha, Gandhinagar, Mehsana and Ahmedabad (districts) during March 2020 had slightly damaged the standing castor crop. Farmers have also gone slow on selling castor seed in the market primarily due to the lockdown and lower prices.
- Rajasthan, on the other hand, is set to see an improvement in the average yield, which is revised upward to 1,593 kg/ha after the fourth round of survey, as against the first estimate of 1,523 kg/ha, due to favourable weather conditions and availability of water for irrigation.
- Also the area under castor in Rajasthan is believed to be higher for 2019-20 at 1, 54,240 hectares per government estimates over last year's 1, 38,000 hectares. Meanwhile final production for the State is estimated to be 2.46 lakh tonnes as against the first estimate of 2.35 lakh tonnes.
- The output in Andhra Pradesh and Telangana is estimated to be 33,000 tonnes, which is the same as last year's estimate of 24,000 It.
- Castor seed prices hovered in the range of Rs.3,240-3,620 per quintal at the markets in this week.
- Difficulty for Indian Domestic Castor Oil Industry after Domestic & International demand for Castor Oil gone down drastically. Due to slowdown in global economy as the aftereffects of Covid-19, the manufacturing & trading activities have gone down. This lead to drastic decline in the International exports of Castor Oil. In 2018-19 we exported 5.7 lakh tons of Castor Oil, whereas this export came down to 5 lakh tons.

### Castor Sowing Outlook in 2020-21

Castor sowing is at disadvantage due to all the Following reasons.

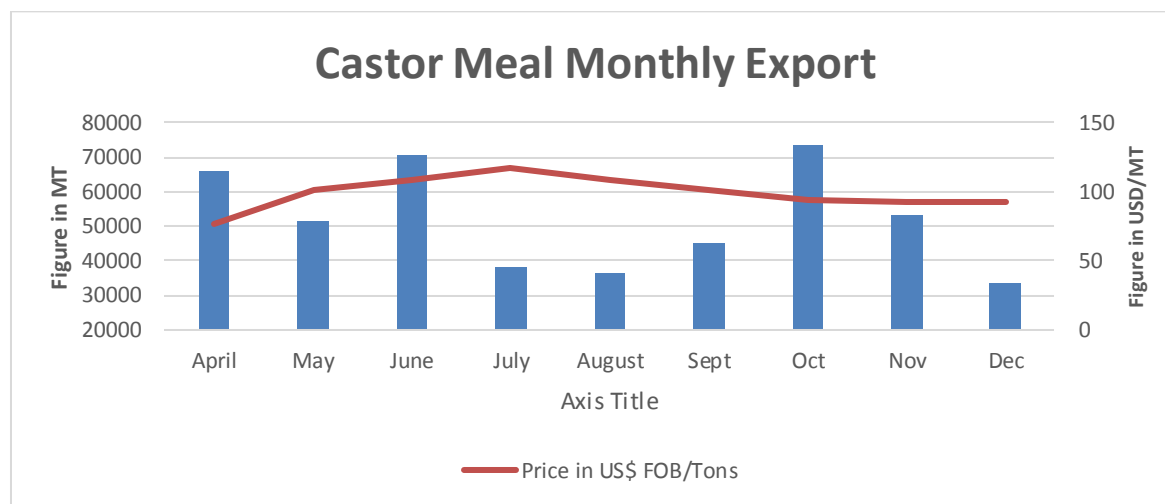
- IMD & other forecasted the monsoon during 2020 as timely & good.
- Monsoon already commenced in Gujarat on 14<sup>th</sup> June, 2020.
- Pre-Monsoon rains helped early sowing.
- Water levels are high.
- Lower realisation of prices by Castor farmers at the time of sowing.
- Good prices of competing crops
- Higher MSP declared by Govt for food crops.

### Castor Price Trend Deesa Mandi:



Source: Agriwatch

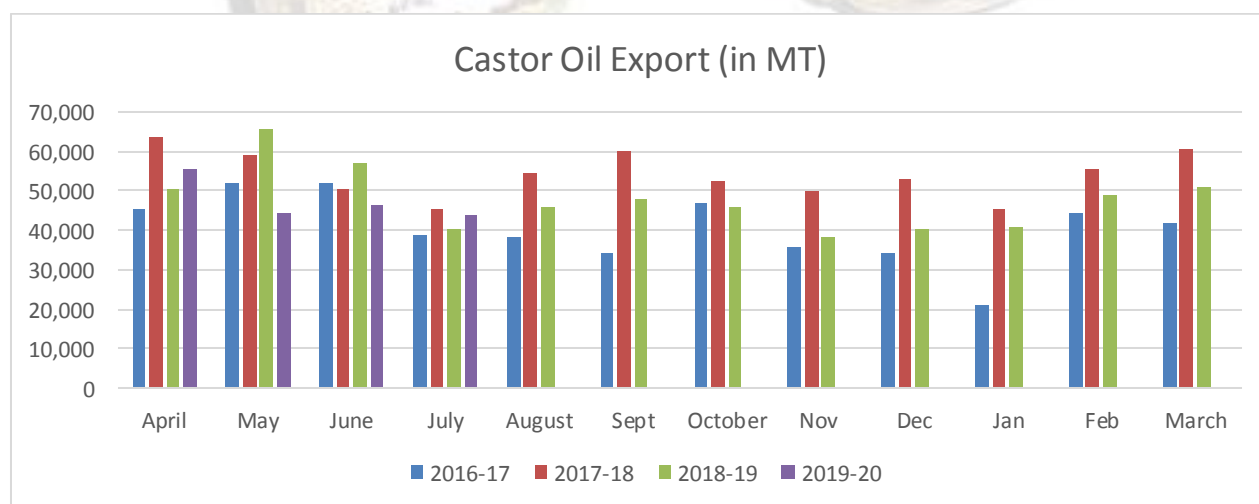
Above price chart is of Deesa Mandi in Gujarat, which is a major mandi for castor seed. Castor seed price traded weak from last few months due to higher area coverage under Castor this year and impact of corona virus also push the prices downwards.

**Castor Meal Monthly Export:**


Source: Sea of India

**Castor Meal Export Summary:**

The Solvent Extractors' Association of India has compiled the export data for export of oil meals for the month of December 2019. The export of oil meals during December 2019 is provisionally reported at 67,562 tons compared to 324,927 tons in December, 2018 i.e. down by 79%. The overall export of oil meals during April-Dec., 2019 is reported at 1,802,434 tons compared to 2,411,248 tons in April-Dec., 2018 i.e. down by 25%. This is mainly due to disparity in export of oil meals, specifically soybean meal due to higher MSP of beans which makes the domestic soybean meal expensive in international market compared to other origins. The silver lining of the export is sharp increase in export of Castor meal, jumped by nearly 60% to 469,248 tons from 292,511 tons in the same period of last year.

**Castor oil exports drop 30% in March on poor off take from China:**


**State wise Wholesale Prices Weekly Analysis for Castor Seed Second week July, 2020**

State	Prices 09-15 Jul 2020	Prices 01-08 Jul 2020	Prices 09-15 Jul 2019	% Change(Over Previous Week)	% Change(Over Previous Year)
Andhra Pradesh		3698.66	5025.84	---	---
Maharashtra				---	---
Gujarat	3902.81	3927.08	5437.46	-0.62	-28.22
Karnataka	3529	2937.81	5300	20.12	-33.42
Rajasthan	3842.75	3803.55	5057.92	1.03	-24.03
Telangana			4827.79	---	---
Madhya Pradesh			4576.92	---	---
Average	3758.19	3591.77	5037.66		

\*Report Generation: As per the data reported by APMCs

Prices in Rs/Quintal

Source: Agmarket.net (Prices in Rs./Qtl)

**Cash Market Price Outlook for Spot Price**

Expected Range	Rs/Qtl.(Low)	Rs /Qtl.(High)
Short term (15 days)	3500-3700	3500-3800
Medium Term (30 days)	4000-4300	3900-4600

### Technical Analysis:

#### Castor – Technical Outlook

##### Technical Commentary:

- Prices are likely to move steady to firm in coming week.
- Increase in prices with higher volume and OI indicates long build up.
- RSI is moving in neutral region.



##### Strategy: Buy

Intraday Supports & Resistances			S2	S1	PCP	R1	R2
Castor	NCDEX	Aug	3200	3300	3996	4250	4400
Pre Weekly Trade Call			Call	Entry	T1	T2	SL
Castor	NCDEX	Aug	Buy	3950	4000	4100	3925

### Castor Seed Supply & Demand for MY-2019-20:

All units in lakh tonnes	2017-18	2018-19	2019-20*
Carry in	4.29	5.04	2.30
<b>Production</b>	14.00	11.25	19.6
Imports	0.00	0.00	0
Total Availability	18.29	16.29	21.90
Consumption (crushing)	13.25	14.00	14.5
Exports	0.00	0.00	0
Total Usage	13.25	14.00	14.50
<b>Carry out</b>	<b>5.04</b>	<b>2.30</b>	<b>7.40</b>
Av Monthly Consumption	1.10	1.13	1.15

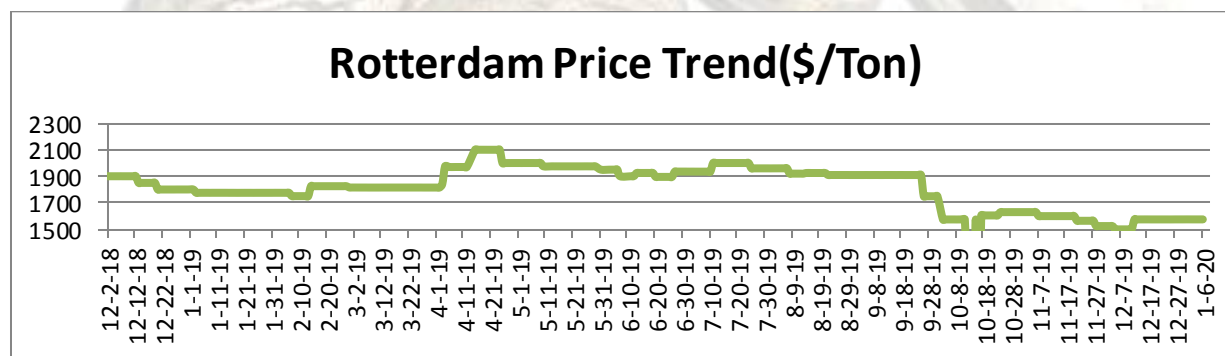
**Supply and Demand:** MY 2019-20 started with lower carryout of 2.30 lakh tons. As production was higher in on-going MY (Marketing Year), availability increased from 16.29 to 21.90 lakh tons. Higher availability in domestic market, lock-down situation started impacting prices. Lower realisation in

current season and normal monsoon this year will influence farmer to opt for other crops like Cotton and Groundnut.

**Export demand:** Despite higher export in May-2020 at 54257 MT against 44615 MT in May 2019, export prospect seems bleak due to various issues from producing to importing countries. Major importing countries like China, EU and US are struggling with their own problems such as border tension, spread of COVID-19 and its impact and weakening buying power of retail customer would continue to impact demand for export in the near to medium term. But, low prices may attract stocking interest at consuming countries.

**Domestic Demand:** Right now domestic demand remains depressed due to disturbed course of trading activities due to COVID-19 impact. Brokers and sellers are avoiding visiting markets as threats are looming large. However, it should improve in coming month as paints and pharmaceutical industries may back on production track soon.

#### Rotterdam Price:



Source: Agriwatch

<b>Comparative Prices Of Castor Products Including Seed</b>					
	<b>15th May'20</b>	<b>8th May'20</b>	<b>15th Apr'20</b>	<b>15th May'19</b>	<b>CHANGE %</b>
Castorseed (Gujarat)((Rs./M.T) Ex-Mandi	36000	36750	40000	56637	<b>-57.33</b>
Castor Meal Export (FAS) (US\$ / MT),Ex Kandla	55.00	55.00	NQ	101.00	<b>-83.64</b>
EXPORT (FOR) Ports (Rs./MT)Castor meal bulk Kandla	4000	4000	NQ	6771	<b>-69.28</b>
Castor Oil (First Grade) FOB Kandla (Export)\$ /Tonne	NQ	NQ	NQ	1696	-
Local rates for oil in domestic market(Rs./M.T.) for comm.	82500	86000	94000	118415	<b>-43.53</b>

Source: SEA.

**Castor Seed Weekly Prices at Key Spot Markets:**

Commodity Center	Market	Price (Rs/ Quintal)		Change
		13Jul to 18 Jul 2020	06 Jul to 11 Jul 2020	
Gujarat	Patan	4003	3974	29
	Harij	4000	3960	40
	Rajkot	3863	3838	24
	Gondal	3912	3874	38
	Deesa	3958	3930	28
	Bhabar	3956	3929	27
	Mehsana	3966	3813	153
	Kadi	3950	3909	41
	Sabarkatha	3995	3967	28
	Gandhi Nagar	3970	19	3951
	Ahmedabad (Sanand)	0	0	Unch
	Halvad	3825	3675	150
	Junagadh	3860	2544	1316
	Dhrol	3651	1808	1843
Rajasthan	Jodhpur	3806	3748	59
	Sumerpur	3833	3827	7

**Castor Seed Cumulative Arrivals in Key Centers:**

Center	Market	13Jul to 18 Jul 2020	29 Jun to 04 Jul 2020	Change
Gujarat	Patan	20030	22432	-2402
	Harij	10275	8625	1650
	Rajkot	3395	2890	505
	Gondal	3550	2117	1433
	Deesa	4124	3131	993
	Bhabar	23520	28080	-4560
	Mehsana	5175	2025	3150
	Kadi	22560	25680	-3120
	Sabarkatha	1880	2440	-560
	Gandhi Nagar	2925	3750	-825
	Ahmedabad (Sanand)	0	0	Unch
	Halvad	8475	8925	-450



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Date – 20<sup>th</sup> July 2020

	Junagadh	75	250	-175
	Dhrol	112	20	92
Rajasthan	Jodhpur	152	239	-88
	Sumerpur	2400	5200	-2800
Total Arrivals/Above Markets		108647	115804	-7157

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